this process would not affect, in any manner, the seniority of the promotees, which has to be determined on the basis of continuous officiation.

(c) The seniority list was revised as per the directions of the Central Administrative Tribunal. This list will be further modified as per the directions of the Hon'ble Supreme Court. No default on the part of any officer is involved.

**Misuse of powers etc. in Nationalised Banks**

213. SHRI KRISHNA KUMAR BIRLA: Will the PRIME MINISTER be pleased to state:

(a) whether it is a fact that a recent study by the Central vigilance Commission has revealed gross misuse of powers, favouritism, falsification of records, prevalence of illegal gratification and misappropriation of money in the nationalised banking sector in the country;

(b) if so, what are the details thereof; and

(c) what action has been taken or is proposed to be taken by Government to review the entire system and procedures and to formulate a comprehensive scheme to remove the malady from the banking service in the country besides identifying the officials involved in such malpractices?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHAN POOJARI): (a) and (b) In its Annual Report for 1985, the Central Vigilance Commission has analysed 564 cases relating to the banking sector, which had been received by the Commission during the years 1983, 1984 and 1985. The analysis of these cases showed various acts of misconduct viz exceeding of delegated powers, showing of favours; falsification of records; illegal gratification, mis-appropriation of money, acquisition of disproportionate assets etc. The Commission has stated that the objective of the analytical study has been to observe the types and forms of misconduct and malpractices, the *modus operandi* and the operational reasons, which provide scope for corruption and that this is expected to have preventive value.

(c) To prevent frauds, corruption etc. banks are taking steps to strengthen their control mechanisms including internal audit/inspection machinery, and to make them effective so as to eliminate the scope for frauds and malpractics. The vigilence machinery in banks is also being strengthened and made more effective. Reporting and detection of frauds is also being improved. Banks are also taking a serious view of irregularities committed by their employees and have been initiating action to inflict punishment befitting the seriousness of the irregularties, on the delinquent employees.

**Bank Loans written off by the Nationalised Bank**

214. SHRI KRISHNA KUMAR BIRLA:

SHRI J.P. GOYAL:

Will the PRIME MINISTER be pleased to state:

(a) the number of cases during the last three years in which bank loans above Rs. 5 lakhs were written off by the nationalised banks in the country stating the total amount written off so far and its percentage against the total amount of loans granted;

(b) what are the reasons for writing off loans;

(c) whether Government have made any inquiry into the grant of these loans to know whether the loans were granted by showing favouritism, without going into the financial soundness of the parties concerned and the lacuna, if any, in the procedure for granting loans;

(d) if so, what is the outcome thereof stating the action taken by Government to fix responsibility in this regard; and

(e) what is the percentage of cases, if any, where the loanees utilised the loans for the purpose other than those for which loans were granted?

THE MINISTER OF STATE IN THE MNISTRY OF FINANCE (SHRI JANARDHAN POOJARI): (a) and (b) The risk of certain debts going bad is inherent in the nature of operations of banks. Commercial Banks including all nationalised banks make provision every year out of their annual income for meeting their liability towards bad and doubtful debts to the satisfaction of their statutory auditors and write off the debts which are considered by their management as ultimately unrecoverable from out of the provisions so made. These amounts are written off only after all avenues of recovery are exhausted. According to the forms of Balance Sheet and Profit and Loss Account prescribed in the Third Schedule of the Banking Regulation Act, 1949, which all banks are required to follow strictly, the banks are given statutory protection from disclosing the quantum of particulars of bad and doubtful debts for which the provision is made to the satisfaction of their auditors.

The advances usually turn bad due to certain internal as well as external factors such as, inadequatt or improper management of the unit, diversion of funds, mis-management, lack of adequate technical know-how on the part of the entrepreneur, insufficient or interrupted power supply, non-availiity of raw material, inadequate marketing arrangements, escalation in the cost of plant and machinery, floods and droughts etc.

(c) and (d) Banks are required to undertake pre-sanction appraisal before a loan is granted and is also required to effectively monitor an advance once it is granted Government and Reserve Bank of India have been impressing upon banks the need to strengthen the machinery for credit appraisal and for exercising effective supervision and control over the advances to ensure proper end-use of funds lent. Whenever write-off are sanctioned, the authority sanctioning the write off also looks into the lapses if any on the part of staff in the matter of credit appraisal as also monitoring of the advances and suitable action is taken against officials who are found to be responsible for the lapses.

RBI has also advised the banks in November 1986 to introduce a comprehensive and uniform grading system to indicate the health of individual advances and accordingly classify them in various distinct categories. This is expected to facilitate close monitoring of sticky advances by banks and eventually reduce the incidence of bad debts.

(e) The present data collecting system does not yield such information.

**Implementation of recommendations of the Review Committee of the CSIR**

215. SHRI KRISHNA KUMAR BIRLA: Will the PRIME MINISTER be pleased to refer to answer to Unstarred Question 2093 given in the Rajya Sabha on the 12th March, 1987 and state:

(a) whether the Committee of Secretaries and CSIR have since considered the recommendations of the Review Committee of the CSIR made in its report since submitted to Government; if so, what are the details in this regard;

(b) whether the D.G. CSIR and Co-directors of various CSIR Laboratories have threatened to resign in the extent of the implementation of the recommendations of the Review Committee; and

(c) if so, what is Government's reaction in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF SCIENCE AND TECHNOLOGY AND THE MINISTER OF STATE IN THE DEPARTMENTS OF OCEAN DEVELOPMENT, ATOMIC ENERGY, ELECTRONICS AND SPACE (a) No. Sir. The recommen-